



General Assembly

January Session, 2001

Raised Bill No. 1196

LCO No. 3851

Referred to Committee on Labor and Public Employees

Introduced by:
(LAB)

***AN ACT CONCERNING PENALTIES FOR LATE WORKERS'
COMPENSATION PAYMENTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-303 of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) Payments agreed to under a voluntary agreement shall
4 commence on or before the tenth day from the date of agreement.
5 Payments due under an award shall commence on or before the tenth
6 day from the date of such award. Payments due from the Second
7 Injury Fund shall be payable on or before the tenth business day after
8 receipt of a fully executed agreement.

9 (b) Any employer [who] that fails to pay within the prescribed time
10 limitations of this section shall pay a penalty for each late payment. [.]
11 If the payment is due weekly or biweekly or on some other periodic
12 basis, the employer shall pay a penalty in the amount of twenty per
13 cent of such payment, in addition to any other interest or penalty
14 imposed pursuant to the provisions of this chapter. If the payment is a
15 lump sum payment due under a voluntary agreement or the terms of

16 an award, the employer shall pay a penalty in the amount of five per
17 cent above the prevailing prime interest rate listed in the first federal
18 reserve bulletin published for the calendar year in which the payment
19 is to be made, calculated daily from the date the payment should have
20 been paid until the date of payment, in addition to any other interest
21 or penalty imposed pursuant to the provisions of this chapter.

22 Sec. 2. Subsection (a) of section 31-354 of the general statutes is
23 repealed and the following is substituted in lieu thereof:

24 (a) (1) There shall be a fund to be known as the Second Injury Fund.
25 Each employer, other than the state, shall, [within] not later than thirty
26 days after notice given by the State Treasurer, pay to the State
27 Treasurer for the use of the state a sum in payment of [his] the
28 employer's liability under this chapter which shall be the special
29 assessment premium surcharge and shall be assessed in accordance
30 with subsection (f) of section 31-349, sections 31-349g, 31-349h and 31-
31 349i, this section, section 31-354b and sections 8 and 9 of public act 96-
32 242*. Such sum shall be an amount sufficient to [(1)] (A) pay the debt
33 service on state revenue bond obligations authorized to be issued
34 under and for the purposes set forth in section 31-354b including
35 reserve and covenant coverage requirements, [(2)] (B) provide for costs
36 and expenses of operating the Second Injury Fund, and [(3)] (C) pay
37 Second Injury Fund stipulations on claims settled by the custodian or
38 other benefits payable out of the Second Injury Fund and not funded
39 through state revenue bond obligations and shall be determined in
40 accordance with the regulations adopted pursuant to the provisions of
41 section 31-349g. The custodian shall establish a factor for the annual
42 special assessment premium surcharge that caps such surcharge for
43 the fiscal years ending June 30, 1996, 1997 and 1998. In determining
44 such factor the custodian shall consider the funding mechanism
45 authorized by subsection (f) of section 31-349, sections 31-349g, 31-349h
46 and 31-349i, this section, section 31-354b and sections 8 and 9 of public
47 act 96-242*, recognize that an acceptable level of employer assessment
48 is important to the vitality of the economy of the state and nevertheless

49 shall assure provision of services to injured workers that enhances
50 their ability to return to work and improve their quality of life. In any
51 event, such factor shall not exceed, with respect to insured employers,
52 a rate of fifteen per cent on the standard premiums with respect to
53 workers' compensation and employers' liability policies and, with
54 respect to self-insured employers, a comparable percentage limitation
55 representing their pro rata share of any special assessment premium
56 surcharge. Any employer [who] that fails to pay in accordance with
57 such regulations shall pay interest to the State Treasurer on the sum at
58 the rate of fifteen per cent per annum from the date the sum should
59 have been paid until the date of payment. The State Treasurer shall
60 notify each employer of the penalty provision with the notice of
61 assessment.

62 (2) Effective July 1, 1993, whenever the assessment is levied, the
63 State Treasurer shall pay to the fund, on behalf of the state, a sum not
64 to exceed the total amount of money expended by the fund on behalf
65 of state employees during the period following the last assessment.
66 The sums received shall be accounted for separately and apart from all
67 other state moneys and the faith and credit of the state of Connecticut
68 is pledged for their safekeeping.

69 (3) The State Treasurer shall be the custodian of the fund and all
70 disbursements from the fund shall be made by [him or his] the State
71 Treasurer or the State Treasurer's deputies. The moneys of the fund
72 shall be invested by [him] the State Treasurer in accordance with
73 applicable law and section 8 of public act 96-242*. Interest, income and
74 dividends from the investments shall be credited to the fund.

75 (4) (A) Each employer, each private insurance carrier acting on
76 behalf of any employer and each interlocal risk management agency
77 acting on behalf of any employer shall annually, on or before April
78 first, report to the State Treasurer, in the form prescribed by the State
79 Treasurer, the amount of money expended by or on behalf of the
80 employer in payments for the preceding calendar year.

81 (B) Each private insurance carrier and each interlocal risk
82 management agency shall submit annually, on or before April first, to
83 the State Treasurer, in the form prescribed by the State Treasurer, a
84 report of the total standard earned premium collected in the preceding
85 calendar year and a report of the projected total standard earned
86 premium for the current calendar year.

87 (5) The fund shall be used to provide the benefits set forth in section
88 31-306 for adjustments in the compensation rate and payment of
89 certain death benefits, in section 31-307b for adjustments where there
90 are relapses after a return to work, in section 31-307c for totally
91 disabled persons injured prior to October 1, 1953, in section 31-349 for
92 disabled or handicapped employees and in section 31-355 for the
93 payment of benefits due injured employees whose employers or
94 insurance carriers have failed to pay the compensation, and medical
95 expenses required by this chapter, or any other compensation payable
96 from the fund as may be required by any provision contained in this
97 chapter or any other statute and to reimburse employers or insurance
98 carriers for payments made under [subsection (b)] subsections (b) and
99 (c) of section 31-307a.

100 (6) The assessment required by this section is a condition of doing
101 business in this state and failure to pay the assessment, when due,
102 shall result in the denial of the privilege of doing business in this state
103 or to self-insure under section 31-284.

104 (7) Any administrative or other costs or expenses incurred by the
105 State Treasurer in connection with carrying out the provisions of this
106 part, including the hiring of necessary employees, shall be paid from
107 the fund.

108 (8) The State Treasurer may adopt regulations, in accordance with
109 the provisions of chapter 54, prescribing the practices, policies and
110 procedures to be followed in the administration of the Second Injury
111 Fund.

LAB *Joint Favorable*

JUD *Joint Favorable*